

POOLED MONEY INVESTMENT BOARD
915 Capitol Mall, Room 110
Sacramento, CA 95814

MINUTES

Wednesday, July 18, 2007

The meeting was called to order at 10:00 a.m.

Roll: Francisco Lujano for State Treasurer Bill Lockyer
Richard Chivaro for State Controller John Chiang
Anne Sheehan for Director of Finance Michael C. Genest

Staff Present: Bill Dowell, State Treasurer's Office
Catherine Brown, Attorney General's Office
Mark Paxson, State Treasurer's Office

APPROVAL OF MINUTES

The Minutes for the meeting of June 20, 2007, were approved as submitted, 3-0.

PMIB DESIGNATION

Mr. Bill Dowell of the State Treasurer's Office presented the portfolio Summary Report as of June 30, 2007. On that day, the portfolio stood at \$65.643 billion. The effective yield was 5.248%, the quarter-to-date yield was 5.241% and the year-to-date yield was 5.121%. The average life of the portfolio was 176 days and AB 55 Loans approved stood at \$7.205 billion with \$3.012 billion having been disbursed. The Local Agency Investment Fund had deposits totaling \$19.736 billion with 2,609 participants.

Designation No. 1697 was approved, 3-0.

AUTHORIZATION FOR GENERAL FUND INTERNAL BORROWING:

Mr. Bill Dowell presented this document that authorizes the General Fund to borrow from internal sources – the special funds and accounts within the State Treasury – to meet its cash needs during periods of shortfall. The authorization presented at this meeting was for the period August 1, 2007 through October 31, 2007. He noted that the amount available from various internal funds is estimated to be up to \$15.110 billion.

The Authorization for General Fund Internal Borrowing was approved, 3-0.

DECLARATION OF SURPLUS MONEY/REDUCTION OF SURPLUS MONEY

Mr. Dowell presented the changes in the Surplus Money Investment Fund for the period June 1, 2007 through June 30, 2007. During that month \$7,892,507,000.00 was declared Surplus Money in various special funds, while \$9,749,027,000.00 was declared to be a Reduction of Surplus Money.

The Surplus Money Declaration/Reduction for the month of June 2007 was approved, 3-0.

SURPLUS MONEY INVESTMENT FUND REQUESTS

Mr. Dowell said there were no requests for the month.

COMMERCIAL PAPER ISSUERS

On behalf of the Investment Division of the State Treasurer's Office, Ms. Cathy DiSalvo presented two new potential commercial paper issuers to the Board for consideration. They were UBS Finance (Delaware) LLC and Societe Generale North America, Inc.

Ms. DiSalvo said the Investment Division of the State Treasurer's Office was recommending approval of the UBS Finance (Delaware) LLC (UBS Finance) commercial paper program as an eligible investment for the PMIA. Established in 1999, UBS Finance is a Delaware Limited Liability Company and wholly-owned subsidiary of UBS AG. UBS Finance is rated P-1 by Moody's and A-1+ by Standard and Poor's. Ms. DiSalvo explained that UBS Finance is authorized to issue \$60 billion in commercial paper and currently has approximately \$55 billion outstanding.

Ms. DiSalvo said the Investment Division of the State Treasurer's Office was also recommending approval of Societe Generale North America, Inc. (SG NA) commercial paper program as an eligible investment for the PMIA. Incorporated under the laws of Delaware in 1980, SG NA is a wholly-owned subsidiary of SG Americas, Inc., which is a wholly owned subsidiary of Societe Generale. SG NA is rated P-1 by Moody's and A-1+ by Standard and Poor's. Ms. DiSalvo explained that SG NA is authorized to issue \$45 billion in commercial paper and currently has approximately \$32 billion outstanding.

Ms Anne Sheehan asked for clarification as to the location of Societe Generale's parent corporation. Ms. DiSalvo confirmed that it is in France.

The Board approved both commercial paper programs, 3-0.

AB 55 LOAN APPLICATIONS (Government Code § 16312)

Ms. Tiffany Connelly of the Public Finance Division of the State Treasurer's Office presented 16 loan requests as shown in the following table. Ms. Connelly began by pointed out that items a, b, f, and g had been withdrawn and would likely be added to next month's agenda. She noted that the first three remaining loans (Items c. – e). were for general obligation programs and the remaining 13 (Items h. – t.) were for lease revenue programs.

Agenda Item	Loan Number	Department/Program	Adjusted Loan Amount
a.	0780001	Housing and Community Development Housing and Emergency Shelter Trust Fund Act of 2006 (Tax Exempt)	\$70,000,000.00
b.	0780002	Housing and Community Development Housing and Emergency Shelter Trust Fund Act of 2006 (Taxable)	\$151,000,000.00
c.	0780003	University of California Kindergarten-University Public Education Facilities Bond Act of 2004 (Hi-Ed)	\$405,443,407.80
d.	0780004	State Allocation Board Office of Public School Construction Kindergarten-University Public Education Facilities Bond Act of 2004 (K-12)	\$1,611,154,529.60
e.	0780005	Resources Agency Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002	\$314,960,545.20
f.	0670154	Resources Agency Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006	\$362,277,000.00
g.	0670125	Department of Water Resources Disaster Preparedness and Flood Prevention Bond Act of 2006	\$444,700,000.00
h.	0780018	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Elk Camp Forest Fire Station: Relocate Facility	\$3,218,824.00
i.	0780006	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Raymond Forest Fire Station: Relocate Facility	\$3,615,957.00
j.	0780007	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Weaverville Forest Fire Station: Relocate Facility	\$3,271,434.00
k.	0780008	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Miramonte Conservation Camp: Replace Facility	\$2,406,000.00

l.	0780009	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds San Marcos Forest Fire Station: Relocate Facility	\$3,582,423.00
m.	0780010	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Warner Springs Forest Fire Station: Replace Facility	\$711,000.00
n.	0780011	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Santa Clara Ranger Unit Headquarters: Replace Auto Shop	\$2,730,475.00
o.	0780012	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Intermountain Conservation Camp: Replace Facility	\$1,984,786.00
p.	0780013	Department of Corrections & Rehabilitation SPWB Lease Revenue Bonds CA State Prison, San Quentin: Condemned Inmate Complex	\$16,976,318.00
q.	0780014	Department of Mental Health SPWB Lease Revenue Bonds Patton State Hospital: Upgrade Electrical Generator Plant	\$2,853,747.00
r.	0780015	Department of General Services SPWB Lease Revenue Bonds State Office Buildings #8 & #9: Renovation	\$92,223,936.00
s.	0780016	Department of General Services SPWB Lease Revenue Bonds CalTrans Marysville Office Building Replacement	\$67,384,872.00
t.	0780017	University of California SPWB Lease Revenue Bonds UCDMC – Surgery & Emergency Services Pavilion	\$54,861,671.00

Ms. Connelly said that all loans were recommended for approval as presented and that the impact on the Pool would be to increase the loan portfolio by \$1,300,764,445.00.

All sixteen loan requests were approved as recommended by staff, 3-0.

PUBLIC COMMENT

None.

In the absence of further business, the meeting was adjourned at 10:07 a.m.

Respectfully submitted

Bettina Redway
Executive Secretary